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ACTION EA-09

INFO OCT-01 EUR-12 IO-11 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 (ISO) W
----- 054065

R 200606Z JAN 76

FM USLO PEKING

TO SECSTATE WASHDC 5042

INFO AMCONSUL HONG KONG

AMEMBASSY SOFIA

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E.O.11652: N/A

TAGS: ETRD, CH, BU

SUBJECT: SINO-BULGARIAN TRADE

SUMMARY. THE 1976 ANNUAL SINO-BULGARIAN TRADE AGREEMENT PROVIDES FOR \$30.8 MILLION IN TOTAL BALANCED TRADE A 33 PERCENT INCREASE OVER LAST YEAR'S ACCORD. DURING NEGOTIATIONS THE BULGARIANS TURNED DOWN AN OFFER FROM THE CHINESE TO EXPORT CRUDE OIL AND FAILED IN THEIR OWN ATTEMPT TO SELL COMPLETE PLANTS. COMMODITY COMPOSITION OF THIS YEAR'S AGREEMENT IS THE SAME AS THAT FOR 1975. WHILE STILL LIMITED, SINO-BULGARIAN TRADE HAS INCREASED RAPIDLY SINCE THE END OF THE CULTURAL REVOLUTION RISING FROM \$2.1 MILLION IN 1970 TO AN ESTIMATED \$23 MILLION IN 1975. END SUMMARY.

1. DURING CALL ON THE BULGARIAN TRADE OFFICE JANUARY 17, COMMERICAL OFFICER STEPHAN BEJAEISHIEV PROVIDED THE FOLLOWING INFORMATION ON SINO-BULGARIAN TRADE AND SHIPPING RELATIONS.

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2. 1976 TRADE AGREEMENT. SIGNED IN SOFIA BY PRC

FOREIGN TRADE VICE MINISTER CHEN CHIEH ON JANUARY 3, THE 1976 SINO-BULGARIAN GOODS EXCHANGE AND PAYMENTS AGREEMENT PROVIDES FOR \$30.8 MILLION (80 MILLION SWISS FRANCS) IN TOTAL BALANCED TRADE. THIS IS A 33 PERCENT INCREASE OVER THE \$13.3 MILLION IN BULGARIAN EXPORTS AND \$9.8 MILLION IN IMPORTS PROVIDED FOR IN LAST YEAR'S ACCORD.

3. DURING NEGOTIATIONS FOR THIS YEAR'S AGREEMENT, THE CHINESE OFFERED TO SELL CRUDE OIL AND EXPRESSED AN INTEREST IN PURCHASING BULGARIAN COMPUTERS, BUT WERE TURNED DOWN ON BOTH REQUESTS. AT THE SAME TIME, THE CHINESE REJECTED BULGARIAN OFFERS TO EXPORT COMPLETE PLANTS. BEJAELESHIEV SAID BULGARIA IS AMPLY SUPPLIED WITH OIL BY THE USSR AND DISCOURAGED BY DIFFICULTIES IN TRANSPORTING AND REFINING CHINESE CRUDE. HE OFFERED NO EXPLANATION FOR BULGARIA'S REFUSAL TO SUPPLY COMPUTERS, BUT SAID HE BELIEVED THE CHINESE WERE NOT INTERESTED IN BULGARIAN PLANTS BECAUSE THEY DID NOT WANT TO BE DEPENDENT FOR SPARE PARTS.

4. COMMODITY COMPOSITION OF THIS YEAR'S TRADE WILL BE THE SAME AS THAT AGREED TO FOR 1975. ACCORDING TO A BREAKDOWN PREPARED BY THE BULGARIAN TRADE OFFICE, CONTRACTS FOR BULGARIAN EXPORTS CONCLUDED UNDER THE 1975 AGREEMENT INCLUDED \$3.4 MILLION IN MACHINERY (500 DIESEL FORKLIFT TRUCKS), \$8.5 MILLION IN CHEMICALS (TWO-THIRDS OF WHICH WAS UREA), \$862,000 NON-FERROUS METALS

(COPPER AND LEAD) AND INCIDENTALS. IMPORT CONTRACTS COVERED FOODSTUFFS (\$2.1), TEXTILES (2.8 MILLION), NON-FERROUS METALS (\$2 MILLION), CONSUMER GOODS (\$1.9 MILLION), MEDICAL EQUIPMENT (\$350 THOUSAND), AND CHEMICALS (\$315 THOUSAND). THE PLANNED SURPLUS IN BULGARIAN EXPORTS COMPENSATED FOR A DEFICIT IN ACTUAL DELIVERIES DURING 1974. BEJAELESHIEV WAS UNABLE HOWEVER TO PROVIDE FIGURES FOR DELIVERIES FROM 1973-1975.

5. SHIPPING. THE SINO-BULGARIAN MARITIME AGREEMENT ANNOUNCED BY NCNA ON JUNE 4, 1974 HAS APPARENTLY HAD LITTLE EFFECT LIMITED OFFICIAL USE

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ON SHIPMENTS BETWEEN THE TWO COUNTRIES, AND, IN FACT, BEJAELESHIEV SAID HE WAS UNAWARE OF THE EXISTENCE OF THE ACCORD. SINCE 1971 SOME GOODS HAVE BEEN SENT DIRECTLY FROM BULGARIA TO CHINA BY RAIL VIA THE SOVIET UNION. TRANSIT TIME IS USUALLY ABOUT ONE MONTH. MOST GOODS, HOWEVER, ARE SENT BY SEA USING THE CHINESE-POLISH JOINT SHIPPING CORPORATION OR ON SHIPS GOING TO ROMANIA. TOTAL TRANSIT TIME IS USUALLY SEVERAL MONTHS.

6. BACKGROUND. LIKE THOSE OF OTHER EAST EUROPEAN COUNTRIES, GOODS EXCHANGED UNDER BULGARIA'S ANNUAL TRADE AGREEMENTS ARE VALUED AT CURRENT INTERNATIONAL PRICES STATED IN SWISS FRANCS. EVERY ATTEMPT IS MADE TO ACHIEVE A YEARLY BALANCE IN EXPORTS BY BOTH SIDES, BUT SMALL SURPLUSES ARE INEVITABLE BECAUSE OF SHIPPING DELAYS WHICH RESULT IN UNEVEN DELIVERIES. TO COMPENSATE FOR THIS, THE AGREEMENTS PROVIDE FOR A "TECHNICAL CREDIT" OF UP TO TEN PERCENT WHICH CAN BE MADE UP IN SHIPMENTS DURING THE FIRST THREE MONTHS OF THE FOLLOWING YEAR. IF THE DEFICIT EXCEEDS THIS AMOUNT, THERE IS PROVISION FOR SETTLEMENT IN SWISS FRANCS, BUT THIS HAS ONLY BEEN DONE TWO OR THREE TIMES IN THE LAST TWENTY YEARS.

7. SINO-BULGARIAN TRADE HAS RISEN RAPIDLY SINCE ITS NEAR HIATUS DURING THE CULTURAL REVOLUTION; BULGARIAN FIGURES FOR TRADE FROM 1970-74 ARE AS FOLLOWS:

BULGARIAN EXPORTS (\$ THOUSANDS)

1970 -1.175
1971 - 5.740
1972 - 5.408
1973(CONTRACTS) - 7.030

BULGARIAN IMPORTS (\$ THOUSANDS)

1970 - 1.020
1971 - 6.040
1972 - 2.857
1973 (CONTRACTS) - 7.200

1974 - NOT AVAILABLE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PEKING00112
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760021-0229
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760141/aaaabjyt.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2004 by BoyleJA>; APPROVED <12 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SINO-BULGARIAN TRADE SUMMARY. THE 1976 ANNUAL SINO-BULGARIAN TRADE AGREE-
TAGS: ETRD, CH, BU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006